



xenia

*Better Collectively*

discretionary mutual fund



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# What is Xenia Mutual

Xenia Mutual provides comprehensive discretionary property protection coverage to hospitality entities across Australia. Similar to an industrial special risk policy (ISR), Xenia provides protection for:

- ▶ **Property** - buildings, contents and stock.
- ▶ **Business interruption** – safeguards against loss of rent, gross profit and payroll.

## What is a Discretionary Mutual Fund

A discretionary mutual fund (DMF) is typically a company owned by the members of an industry group to provide risk protection.

Claims are assessed by the Mutual's Board who hold extensive industry expertise, and all claim payments are at their discretion.

The annual payments, or contributions, create the self-insured retention out of which claims and operating expenses are paid. To ensure the Mutual's liability is capped, DMFs buy excess of loss cover from reinsurers.

Unlike traditional insurance mutuals do not make profit for shareholders and are run for the benefit of members. With surplus funds that haven't been paid out in claims, the DMF can reinvest in risk management initiatives or offset future contributions.



# Who runs the Mutual?

Xenia Mutual's Board is comprised of member representatives, industry experts within banking, fund management, insurance and hospitality, along with an independent chairperson. This diverse composition ensures that decisions are made with a balanced perspective, considering the interests of our members and the mutual's financial health.



**Eric Melman**  
Chairman - BEAM Corp



**Marcello Colosimo**  
Director - Momento Group



**Chris Fero**  
Director - Feros Group



**Peter Filipovic**  
Director - Royal Saxon Hotel



**Robert Kelly AM**  
Founder, Managing Director & CEO  
Steadfast Group



**Mark Senkevics**  
CEO Underwriting Agencies  
Steadfast Group



**Anthony Sullivan**  
Director - QUANTACO

## Meet the team

The Mutual is run on a day-to-day basis by the Manager, Xenia Mutual Management. They act as the conduit between the Mutual, the Members, the Board, claims management team, risk surveyors and the reinsurers. It is the manager's role to ensure there is a smooth flow of information between the relevant stakeholders.



**Richard Briggs**  
Mutual Manager



**James Ireland**  
Account Manager



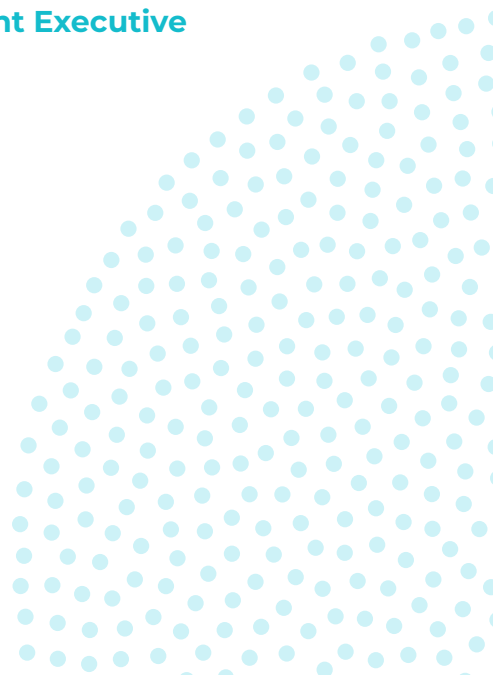
**Sam Dingli**  
Account Executive



**Bala Suppiah**  
Engineer



**Kylie Pham**  
Claims Manager



# Benefits of Xenia Mutual



## More Stable Pricing

Insurance premiums can often be unstable which makes it difficult for companies to budget effectively for the year ahead. Mutuality and collective purchasing enable economies of scale and more stable pricing. For the last three years, Xenia Members have benefited from a flat contribution rating at renewal.



## Claims Management

In the event of a loss, Xenia acts promptly to assess the situation and minimise business interruption for the member. Once a claim is assessed and authorised by the Board, we aim to make an interim payment as quickly as possible to help our members continue trading.



## Direct Access to The Xenia Mutual Board

Members have direct access to the Xenia Board, the key decision makers of their protection provider.



## Risk Management

Xenia employs an Enterprise Risk Manager who works with Members, providing advice at no additional cost on how to avoid losses and minimise downtime. Xenia Mutual has surveyed over 300 locations across Australia and provided over 1,000 risk recommendations to avoid incidents and downtime.



## Scale and Size

Xenia protects over 450 member locations and \$5 billion in assets around Australia.



# Xenia Mutual Claims

Since its inception in August 2021, Xenia Mutual has paid over \$6 million in member claims.

By utilising discretionary coverage, the Xenia Mutual Board has approved numerous claims that would not have been covered under a standard ISR insurance policy.

- 1. Water ingress – \$60K:** Xenia Mutual paid for repairs to the poorly maintained roof as the member had no way to know the roof was deteriorating.
- 2. Robbery claim – \$20K:** after the theft of money was paid, Xenia Mutual paid for increased CCTV coverage to avoid a future incident happening.

## Claim process

**When a claim is submitted, we initiate a thorough process:**

- ▶ **Loss Adjustment:** A professional loss adjuster investigates the claim to confirm the proximate cause and assess the extent of the loss. This step is crucial to ensure that the claim is valid and to assist the member to resume trading.
- ▶ **Board Review:** The Board reviews the findings of the loss adjuster and the guidelines in the PDS. Their discretion allows them to consider unique circumstances that may not be explicitly covered in the policy wording, providing flexibility to address members' needs fairly. Over the past three years, Xenia has paid a number of discretionary claims which would not be covered under a standard insurance ISR wording.
- ▶ **Immediate Interim Payment:** Once a claim has been assessed and approved, Xenia Mutual will look to make an interim payment as soon as possible to help the member continue trading during a difficult period. Xenia Mutual also has a dedicated Account Manager who will help members during the claim process.



# Financial Security and Reinsurance

Xenia Mutual places the highest priority on financial stability to protect our members, even in challenging scenarios involving multiple large claims. Our strategy encompasses robust reinsurance partnerships and prudent financial management to help Xenia Mutual's financial resilience.

- ▶ **Reinsurance Partnerships:** Since our inception, we have been led by Hannover Re, a globally recognised reinsurance company known for its financial strength and expertise. Partnering with Hannover Re provides us with significant backing and resources.
- ▶ **Reinsurer (RI) Panel:** In addition to Hannover Re, we have a panel of reinsurers who support our mutual. While the specifics of this RI panel are confidential, as is standard practice among Australian mutuals, all partners are financially secure institutions with a minimum AA- Standard & Poor's (S&P) rating.
- ▶ **Comprehensive Coverage:** We are fully reinsured up to the limit of liability required for each member. This means that for any covered claim, we have reinsurance arrangements in place to cover the financial obligations, ensuring that individual claims do not jeopardise the mutual's overall financial health.
- ▶ **Self-Insured Retention:** Xenia Mutual maintains a \$2 million self-insured retention (SIR). The SIR represents the amount of risk that the mutual retains for its own account. The Xenia Mutual \$2 million SIR is fully funded annually by member contributions. This fund covers smaller claims and initial losses, enabling the mutual to manage day-to-day claims efficiently and secure favourable reinsurance pricing. If claims for a financial year exceed \$2 million, the reinsurance panel assumes liability for the excess losses.
- ▶ **Financial Reserves Management:** Our financial team employs conservative investment strategies to help maintain reserves. Regular financial audits and stress tests help us monitor our solvency and readiness for unforeseen events.



## Bank Acceptance of Xenia Mutual and other Discretionary Mutual Funds

Mutuals have a long history in Australia of being accepted as a legitimate alternative to insurance. Australian Financial Institutions recognise the credibility, reliability and benefits of mutuals.

Examples of other Mutuals in Australia:

- ▶ **Local Government Authorities** – around 95% of LGAs across Australia participate in a Mutual to protect their community's property.
- ▶ **UniMutual** - protects 21 of the 43 Universities across Australia, providing property, liability and other lines of protection.
- ▶ **Capricorn Mutual** – 11,000 members across Australia and has paid over \$200m in claims.



Xenia's Mutual Management team has extensive experience in mutual management and working with financial institutions. Xenia Mutual has established strong relationships with banks and have regular correspondence. Should a bank have questions or concerns regarding the mutual, Xenia Mutual can discuss the matter directly with the bank to resolve it.

Xenia has been authorised as an approved protection provider, due to three key factors:

- ▶ **Strong Reinsurance Partners:** All reinsurers on our panel hold a minimum rating of AA- from S&P. These high ratings indicate exceptional financial strength, providing assurance to lenders about the security of the coverage we provide.
- ▶ **Regulatory Compliance:** While we are not APRA regulated, we operate under ASIC's financial services licensing framework, demonstrating our commitment to regulatory compliance and financial accountability.
- ▶ **Transparent Operations:** We maintain open communication with financial institutions, providing them with necessary documentation and assurances about our financial practices and coverage reliability.



## Regulatory Oversight & Consumer Protections

Xenia Mutual is committed to help safeguard our members' interests and help protect them through strong governance and regulatory compliance. We integrate a range of consumer protection mechanisms including:

- ▶ **ASIC Licensing:** Xenia Mutual Management, which operates Xenia Mutual, is approved and licensed by ASIC. This licensing mandates strict adherence to financial regulations, ethical standards, and ongoing compliance obligations.
- ▶ **Robust Governance Structure:** Our Board includes member representatives, ensuring that the interests of policyholders are directly represented in decision-making processes.
- ▶ **Direct Member Appeal to the Board:** A unique benefit of being part of Xenia Mutual is your right to discuss your claim and appeal decisions directly with our Board. This level of accessibility is a true rarity in the context of the insurance industry. We invite open dialogue to ensure your voice is heard.
- ▶ **Financial Safeguards:**
  - ▶ **Prudent Financial Management:** We maintain reserves and adhere to conservative financial practices to mitigate the risk of insolvency.
  - ▶ **Comprehensive Reinsurance:** Our strong reinsurance arrangements with highly rated reinsurers add an extra layer of financial security, protecting members against large or unexpected losses.
- ▶ **Legal Compliance:** While we are not governed by the Insurance Contracts Act, we comply with all relevant laws and regulations applicable to our operations. We also voluntarily adopt many best practices from the broader insurance industry to enhance our service quality and reliability.
- ▶ **Steadfast Group:** Xenia Mutual utilises the size and scale of Steadfast Group to manage and run the mutual. Established in 1996, today Steadfast is the largest general insurance broker network and underwriting agency network in Australasia, with growing operations in Asia, Europe, and North America.



# Risk Management

As part of Xenia Mutual's risk management strategy, we conduct a thorough assessment of entities who request to join the mutual. This is to ensure that membership is only offered to select entities for mutual protection and risk mitigation across the group. One aspect of the assessment involves our specialist engineer attending a key site and conducting a site survey in which they will inspect:

- ▶ **External exposures** – bordering properties, construction nearby and high-risk infrastructure.
- ▶ **Site hazards** – commercial cooking, internal storage, dangerous goods as well as flammable and compressed gases.
- ▶ **Common hazards** – electrical supply and alternatives, thermographic scan results, wiring age and water supply.
- ▶ **Site protection** – fire detection, sprinkler coverage, firefighting access and distance from the fire station.
- ▶ **Physical security** – security guards, post-closing random patrols, intruder alarms linked to a central station, CCTV and cash-handling protocols.
- ▶ **Management controls** – including contractor management, hot work permits and business continuity plan.



## Better pricing through risk management

Xenia Mutual provides members with risk recommendations that can help minimise the likelihood and impact of incidents and downtime. This helps to keep losses within the mutuals' \$2M self-insured retention so that reinsurance partners do not need to cover claims. This keeps the cost of reinsurance for Xenia Mutual steady, and we are able to transfer these savings to the members.





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Get in touch

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Important Notice

Xenia Mutual Ltd is the issuer of the mutual risk protections. It is a company limited by guarantee. Xenia Mutual Management Pty Limited ACN 649 031 694 has an arrangement with Xenia Mutual to manage each mutual and to arrange to issue the mutual risk protections. Xenia Mutual Management Pty Limited is an authorised representative of Steadfast ART Pty Ltd ACN 118 261 60. Steadfast ART and Xenia Mutual Management will be entitled to receive commission in relation to contributions paid to the mutual and Xenia Mutual Management may be paid a fee for service for its management services. See the FSG for more detail. This information is provided to assist in understanding some of the terms, implications and common considerations with a mutual. Any advice is general in nature and has not been designed to take into account your financial situation, objectives and needs. Before making any decision, you should obtain and read the relevant product disclosure statement which is available from Xenia Mutual Management.

Xenia Mutual Management Pty Ltd ABN: 78649031694